

House Engrossed
FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
House of Representatives
Forty-ninth Legislature
Seventh Special Session
2010

CHAPTER 8

HOUSE BILL 2008

AN ACT

AMENDING SECTIONS 15-185, 15-901, 15-943, 15-945 AND 15-972, ARIZONA REVISED STATUTES; AMENDING LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 12, SECTION 75; MAKING APPROPRIATIONS; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; civil penalty;
5 transportation; definitions

6 A. Financial provisions for a charter school that is sponsored by a
7 school district governing board are as follows:

8 1. The charter school shall be included in the district's budget and
9 financial assistance calculations pursuant to paragraph 3 of this subsection
10 and chapter 9 of this title, except for chapter 9, article 4 of this title.
11 The charter of the charter school shall include a description of the methods
12 of funding the charter school by the school district. The school district
13 shall send a copy of the charter and application, including a description of
14 how the school district plans to fund the school, to the state board of
15 education before the start of the first fiscal year of operation of the
16 charter school. The charter or application shall include an estimate of the
17 student count for the charter school for its first fiscal year of operation.
18 This estimate shall be computed pursuant to the requirements of paragraph 3
19 of this subsection.

20 2. A school district is not financially responsible for any charter
21 school that is sponsored by the state board of education or the state board
22 for charter schools.

23 3. A school district that sponsors a charter school may:

24 (a) Increase its student count as provided in subsection B, paragraph
25 2 of this section during the first year of the charter school's operation to
26 include those charter school pupils who were not previously enrolled in the
27 school district. A charter school sponsored by a school district governing
28 board is eligible for the assistance prescribed in subsection B, paragraph 4
29 of this section. The soft capital allocation as provided in section 15-962
30 for the school district sponsoring the charter school shall be increased by
31 the amount of the additional assistance. The school district shall include
32 the full amount of the additional assistance in the funding provided to the
33 charter school.

34 (b) Compute separate weighted student counts pursuant to section
35 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
36 school pupils in order to maintain eligibility for small school district
37 support level weights authorized in section 15-943, paragraph 1 for its
38 noncharter school pupils only. The portion of a district's student count
39 that is attributable to charter school pupils is not eligible for small
40 school district support level weights.

41 4. If a school district uses the provisions of paragraph 3 of this
42 subsection, the school district is not eligible to include those pupils in
43 its student count for the purposes of computing an increase in its revenue
44 control limit and district support level as provided in section 15-948.

1 5. A school district that sponsors a charter school is not eligible to
2 include the charter school pupils in its student count for the purpose of
3 computing an increase in its capital outlay revenue limit as provided in
4 section 15-961, subsection C, except that if the charter school was
5 previously a school in the district, the district may include in its student
6 count any charter school pupils who were enrolled in the school district in
7 the prior year.

8 6. A school district that sponsors a charter school is not eligible to
9 include the charter school pupils in its student count for the purpose of
10 computing the revenue control limit which is used to determine the maximum
11 budget increase as provided in chapter 4, article 4 of this title unless the
12 charter school is located within the boundaries of the school district.

13 7. If a school district converts one or more of its district public
14 schools to a charter school and receives assistance as prescribed in
15 subsection B, paragraph 4 of this section, and subsequently converts the
16 charter school back to a district public school, the school district shall
17 repay the state the total additional assistance received for the charter
18 school for all years that the charter school was in operation. The repayment
19 shall be in one lump sum and shall be reduced from the school district's
20 current year equalization assistance. The school district's general budget
21 limit shall be reduced by the same lump sum amount in the current year.

22 B. Financial provisions for a charter school that is sponsored by the
23 state board of education or the state board for charter schools are as
24 follows:

25 1. The charter school shall calculate a base support level as
26 prescribed in section 15-943, except that sections 15-941 and 15-942 do not
27 apply to these charter schools.

28 2. Notwithstanding paragraph 1 of this subsection, the student count
29 shall be determined initially using an estimated student count based on
30 actual registration of pupils before the beginning of the school year. After
31 the first one hundred days or two hundred days in session, as applicable, the
32 charter school shall revise the student count to be equal to the actual
33 average daily membership, as defined in section 15-901, or the adjusted
34 average daily membership, as prescribed in section 15-902, of the charter
35 school. A charter school that provides two hundred days of instruction may
36 use section 15-902.02 for the purposes of this section. Before the one
37 hundredth day or two hundredth day in session, as applicable, the state board
38 of education or the state board for charter schools may require a charter
39 school to report periodically regarding pupil enrollment and attendance, and
40 the department of education may revise its computation of equalization
41 assistance based on the report. A charter school shall revise its student
42 count, base support level and additional assistance before May 15. A charter
43 school that overestimated its student count shall revise its budget before
44 May 15. A charter school that underestimated its student count may revise
45 its budget before May 15.

1 3. A charter school may utilize section 15-855 for the purposes of
2 this section. The charter school and the department of education shall
3 prescribe procedures for determining average daily attendance and average
4 daily membership.

5 4. Equalization assistance for the charter school shall be determined
6 by adding the amount of the base support level and additional assistance.
7 The amount of the additional assistance is one thousand ~~five hundred~~
8 ~~eighty-eight dollars forty-four~~ SIX HUNDRED SEVEN DOLLARS FIFTY cents per
9 student count in kindergarten programs and grades one through eight and one
10 thousand eight hundred ~~fifty-one dollars thirty~~ SEVENTY-THREE DOLLARS
11 FIFTY-TWO cents per student count in grades nine through twelve.

12 5. The state board of education shall apportion state aid from the
13 appropriations made for such purposes to the state treasurer for disbursement
14 to the charter schools in each county in an amount as determined by this
15 paragraph. The apportionments shall be made as prescribed in section 15-973,
16 subsection B.

17 6. The charter school shall not charge tuition for pupils who reside
18 in this state, levy taxes or issue bonds. A charter school may admit pupils
19 who are not residents of this state and shall charge tuition for those pupils
20 in the same manner prescribed in section 15-823.

21 7. Not later than noon on the day preceding each apportionment date
22 established by paragraph 5 of this subsection, the superintendent of public
23 instruction shall furnish to the state treasurer an abstract of the
24 apportionment and shall certify the apportionment to the department of
25 administration, which shall draw its warrant in favor of the charter schools
26 for the amount apportioned.

27 C. If a pupil is enrolled in both a charter school and a public school
28 that is not a charter school, the sum of the daily membership, which includes
29 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
30 subdivisions (a) and (b) and daily attendance as prescribed in section
31 15-901, subsection A, paragraph 6, for that pupil in the school district and
32 the charter school shall not exceed 1.0, except that if the pupil is enrolled
33 in both a charter school and a joint technological education district and
34 resides within the boundaries of a school district participating in the joint
35 technological education district, the sum of the average daily membership for
36 that pupil in the charter school and the joint technological education
37 district shall not exceed 1.25. If a pupil is enrolled in both a charter
38 school and a public school that is not a charter school, the department of
39 education shall direct the average daily membership to the school with the
40 most recent enrollment date. Upon validation of actual enrollment in both a
41 charter school and a public school that is not a charter school and if the
42 sum of the daily membership or daily attendance for that pupil is greater
43 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between
44 the public school and the charter school based on the percentage of total
45 time that the pupil is enrolled or in attendance in the public school and the

1 charter school, except that if the pupil is enrolled in both a charter school
2 and a joint technological education district and resides within the
3 boundaries of a school district participating in the joint technological
4 education district, the sum of the average daily membership for that pupil in
5 the charter school and the joint technological education district shall be
6 reduced to 1.25 and shall be apportioned between the charter school and the
7 joint technological education district based on the percentage of total time
8 that the pupil is enrolled or in attendance in the charter school and the
9 joint technological education district. The uniform system of financial
10 records shall include guidelines for the apportionment of the pupil
11 enrollment and attendance as provided in this section.

12 D. Charter schools are allowed to accept grants and gifts to
13 supplement their state funding, but it is not the intent of the charter
14 school law to require taxpayers to pay twice to educate the same pupils. The
15 base support level for a charter school or for a school district sponsoring a
16 charter school shall be reduced by an amount equal to the total amount of
17 monies received by a charter school from a federal or state agency if the
18 federal or state monies are intended for the basic maintenance and operations
19 of the school. The superintendent of public instruction shall estimate the
20 amount of the reduction for the budget year and shall revise the reduction to
21 reflect the actual amount before May 15 of the current year. If the
22 reduction results in a negative amount, the negative amount shall be used in
23 computing all budget limits and equalization assistance, except that:

24 1. Equalization assistance shall not be less than zero.

25 2. For a charter school sponsored by the state board of education or
26 the state board for charter schools, the total of the base support level and
27 the additional assistance shall not be less than zero.

28 3. For a charter school sponsored by a school district, the base
29 support level for the school district shall not be reduced by more than the
30 amount that the charter school increased the district's base support level,
31 capital outlay revenue limit and soft capital allocation.

32 E. If a charter school was a district public school in the prior year
33 and is now being operated for or by the same school district and sponsored by
34 the state board of education, the state board for charter schools or a school
35 district governing board, the reduction in subsection D of this section
36 applies. The reduction to the base support level of the charter school or
37 the sponsoring district of the charter school shall equal the sum of the base
38 support level and the additional assistance received in the current year for
39 those pupils who were enrolled in the traditional public school in the prior
40 year and are now enrolled in the charter school in the current year.

41 F. Equalization assistance for charter schools shall be provided as a
42 single amount based on average daily membership without categorical
43 distinctions between maintenance and operations or capital.

1 G. At the request of a charter school, the county school
2 superintendent of the county where the charter school is located may provide
3 the same educational services to the charter school as prescribed in section
4 15-308, subsection A. The county school superintendent may charge a fee to
5 recover costs for providing educational services to charter schools.

6 H. If the sponsor of the charter school determines at a public meeting
7 that the charter school is not in compliance with federal law, with the laws
8 of this state or with its charter, the sponsor of a charter school may submit
9 a request to the department of education to withhold up to ten per cent of
10 the monthly apportionment of state aid that would otherwise be due the
11 charter school. The department of education shall adjust the charter
12 school's apportionment accordingly. The sponsor shall provide written notice
13 to the charter school at least seventy-two hours before the meeting and shall
14 allow the charter school to respond to the allegations of noncompliance at
15 the meeting before the sponsor makes a final determination to notify the
16 department of education of noncompliance. The charter school shall submit a
17 corrective action plan to the sponsor on a date specified by the sponsor at
18 the meeting. The corrective action plan shall be designed to correct
19 deficiencies at the charter school and to ensure that the charter school
20 promptly returns to compliance. When the sponsor determines that the charter
21 school is in compliance, the department of education shall restore the full
22 amount of state aid payments to the charter school.

23 I. In addition to the withholding of state aid payments pursuant to
24 subsection H of this section, the sponsor of a charter school may impose a
25 civil penalty of one thousand dollars per occurrence if a charter school
26 fails to comply with the fingerprinting requirements prescribed in section
27 15-183, subsection C or section 15-512. The sponsor of a charter school
28 shall not impose a civil penalty if it is the first time that a charter
29 school is out of compliance with the fingerprinting requirements and if the
30 charter school provides proof within forty-eight hours of written
31 notification that an application for the appropriate fingerprint check has
32 been received by the department of public safety. The sponsor of the charter
33 school shall obtain proof that the charter school has been notified, and the
34 notification shall identify the date of the deadline and shall be signed by
35 both parties. The sponsor of a charter school shall automatically impose a
36 civil penalty of one thousand dollars per occurrence if the sponsor
37 determines that the charter school subsequently violates the fingerprinting
38 requirements. Civil penalties pursuant to this subsection shall be assessed
39 by requesting the department of education to reduce the amount of state aid
40 that the charter school would otherwise receive by an amount equal to the
41 civil penalty. The amount of state aid withheld shall revert to the state
42 general fund at the end of the fiscal year.

43 J. A charter school may receive and spend monies distributed by the
44 department of education pursuant to section 42-5029, subsection E and section
45 37-521, subsection B.

1 K. If a school district transports or contracts to transport pupils to
2 the Arizona state schools for the deaf and the blind during any fiscal year,
3 the school district may transport or contract with a charter school to
4 transport sensory impaired pupils during that same fiscal year to a charter
5 school if requested by the parent of the pupil and if the distance from the
6 pupil's place of actual residence within the school district to the charter
7 school is less than the distance from the pupil's place of actual residence
8 within the school district to the campus of the Arizona state schools for the
9 deaf and the blind.

10 L. For the purposes of this section:

11 1. "Monies intended for the basic maintenance and operations of the
12 school" means monies intended to provide support for the educational program
13 of the school, except that it does not include supplemental assistance for a
14 specific purpose or title VIII of the elementary and secondary education act
15 of 1965 monies. The auditor general shall determine which federal or state
16 monies meet the definition in this paragraph.

17 2. "Operated for or by the same school district" means the charter
18 school is either governed by the same district governing board or operated by
19 the district in the same manner as other traditional schools in the district
20 or is operated by an independent party that has a contract with the school
21 district. The auditor general and the department of education shall
22 determine which charter schools meet the definition in this subsection.

23 Sec. 2. Section 15-901, Arizona Revised Statutes, is amended to read:

24 15-901. Definitions

25 A. In this title, unless the context otherwise requires:

26 1. "Average daily attendance" or "ADA" means actual average daily
27 attendance through the first one hundred days or two hundred days in session,
28 as applicable.

29 2. "Average daily membership" means the total enrollment of fractional
30 students and full-time students, minus withdrawals, of each school day
31 through the first one hundred days or two hundred days in session, as
32 applicable, for the current year. Withdrawals include students formally
33 withdrawn from schools and students absent for ten consecutive school days,
34 except for excused absences as identified by the department of education.
35 For computation purposes, the effective date of withdrawal shall be
36 retroactive to the last day of actual attendance of the student.

37 (a) "Fractional student" means:

38 (i) For common schools, until fiscal year 2001-2002, a preschool child
39 who is enrolled in a program for preschool children with disabilities of at
40 least three hundred sixty minutes each week or a kindergarten student at
41 least five years of age prior to January 1 of the school year and enrolled in
42 a school kindergarten program that meets at least three hundred forty-six
43 instructional hours during the minimum number of days required in a school
44 year as provided in section 15-341. In fiscal year 2001-2002, the
45 kindergarten program shall meet at least three hundred forty-eight hours. In

1 fiscal year 2002-2003, the kindergarten program shall meet at least three
2 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
3 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
4 the kindergarten program shall meet at least three hundred fifty-four hours.
5 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten
6 program shall meet at least three hundred fifty-six hours. Lunch periods and
7 recess periods may not be included as part of the instructional hours unless
8 the child's individualized education program requires instruction during
9 those periods and the specific reasons for such instruction are fully
10 documented. In computing the average daily membership, preschool children
11 with disabilities and kindergarten students shall be counted as one-half of a
12 full-time student. For common schools, a part-time student is a student
13 enrolled for less than the total time for a full-time student as defined in
14 this section. A part-time common school student shall be counted as
15 one-fourth, one-half or three-fourths of a full-time student if the student
16 is enrolled in an instructional program that is at least one-fourth, one-half
17 or three-fourths of the time a full-time student is enrolled as defined in
18 subdivision (b) of this paragraph.

19 (ii) For high schools, a part-time student who is enrolled in less
20 than four subjects that count toward graduation as defined by the state board
21 of education in a recognized high school and who is taught in less than
22 twenty instructional hours per week prorated for any week with fewer than
23 five school days. A part-time high school student shall be counted as
24 one-fourth, one-half or three-fourths of a full-time student if the student
25 is enrolled in an instructional program that is at least one-fourth, one-half
26 or three-fourths of a full-time instructional program as defined in
27 subdivision (c) of this paragraph.

28 (b) "Full-time student" means:

29 (i) For common schools, a student who is at least six years of age
30 prior to January 1 of a school year, who has not graduated from the highest
31 grade taught in the school district and who is regularly enrolled in a course
32 of study required by the state board of education. Until fiscal year
33 2001-2002, first, second and third grade students, ungraded students at least
34 six, but under nine, years of age by September 1 or ungraded group B children
35 with disabilities who are at least five, but under six, years of age by
36 September 1 must be enrolled in an instructional program that meets for a
37 total of at least six hundred ninety-two hours during the minimum number of
38 days required in a school year as provided in section 15-341. In fiscal year
39 2001-2002, the program shall meet at least six hundred ninety-six hours. In
40 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
41 In fiscal year 2003-2004, the program shall meet at least seven hundred four
42 hours. In fiscal year 2004-2005, the program shall meet at least seven
43 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
44 thereafter, the program shall meet at least seven hundred twelve hours.
45 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or

1 ungraded students at least nine, but under twelve, years of age by September
 2 1 must be enrolled in an instructional program that meets for a total of at
 3 least eight hundred sixty-five hours during the minimum number of school days
 4 required in a school year as provided in section 15-341. In fiscal year
 5 2001-2002, the program shall meet at least eight hundred seventy hours. In
 6 fiscal year 2002-2003, the program shall meet at least eight hundred
 7 seventy-five hours. In fiscal year 2003-2004, the program shall meet at least
 8 eight hundred eighty hours. In fiscal year 2004-2005, the program shall meet
 9 at least eight hundred eighty-five hours. In fiscal year 2005-2006 and each
 10 fiscal year thereafter, the program shall meet at least eight hundred ninety
 11 hours. Until fiscal year 2001-2002, seventh and eighth grade students or
 12 ungraded students at least twelve, but under fourteen, years of age by
 13 September 1 must be enrolled in an instructional program that meets for a
 14 total of at least one thousand thirty-eight hours during the minimum number
 15 of days required in a school year as provided in section 15-341. In fiscal
 16 year 2001-2002, the program shall meet at least one thousand forty-four
 17 hours. In fiscal year 2002-2003, the program shall meet at least one
 18 thousand fifty hours. In fiscal year 2003-2004, the program shall meet at
 19 least one thousand fifty-six hours. In fiscal year 2004-2005, the program
 20 shall meet at least one thousand sixty-two hours. In fiscal year 2005-2006
 21 and each fiscal year thereafter, the program shall meet at least one thousand
 22 sixty-eight hours. Lunch periods and recess periods may not be included as
 23 part of the instructional hours unless the student is a child with a
 24 disability and the child's individualized education program requires
 25 instruction during those periods and the specific reasons for such
 26 instruction are fully documented.

27 (ii) For high schools, except as provided in section 15-105, a student
 28 not graduated from the highest grade taught in the school district, or an
 29 ungraded student at least fourteen years of age by September 1, and enrolled
 30 in at least a full-time instructional program of subjects that count toward
 31 graduation as defined by the state board of education in a recognized high
 32 school. A full-time student shall not be counted more than once for
 33 computation of average daily membership.

34 (iii) Except as otherwise provided by law, for a full-time high school
 35 student who is concurrently enrolled in two school districts or two charter
 36 schools, the average daily membership shall not exceed 1.0.

37 (iv) Except as otherwise provided by law, for any student who is
 38 concurrently enrolled in a school district and a charter school, the average
 39 daily membership shall be apportioned between the school district and the
 40 charter school and shall not exceed 1.0. The apportionment shall be based on
 41 the percentage of total time that the student is enrolled in or in attendance
 42 at the school district and the charter school.

43 (v) Except as otherwise provided by law, for any student who is
 44 concurrently enrolled, pursuant to section 15-808, in a school district and
 45 Arizona online instruction or a charter school and Arizona online

1 instruction, the average daily membership shall be apportioned between the
2 school district and Arizona online instruction or the charter school and
3 Arizona online instruction and shall not exceed 1.0. The apportionment shall
4 be based on the percentage of total time that the student is enrolled in or
5 in attendance at the school district and Arizona online instruction or the
6 charter school and Arizona online instruction.

7 (vi) For homebound or hospitalized, a student receiving at least four
8 hours of instruction per week.

9 (c) "Full-time instructional program" means:

10 (i) Through fiscal year 2000-2001, at least four subjects, each of
11 which, if taught each school day for the minimum number of days required in a
12 school year, would meet a minimum of one hundred twenty hours a year, or the
13 equivalent, or one or more subjects taught in amounts of time totaling at
14 least twenty hours per week prorated for any week with fewer than five school
15 days.

16 (ii) For fiscal year 2001-2002, an instructional program that meets at
17 least a total of seven hundred four hours during the minimum number of days
18 required and includes at least four subjects each of which, if taught each
19 school day for the minimum number of days required in a school year, would
20 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
21 one or more subjects taught in amounts of time totaling at least twenty hours
22 per week prorated for any week with fewer than five school days.

23 (iii) For fiscal year 2002-2003, an instructional program that meets
24 at least a total of seven hundred eight hours during the minimum number of
25 days required and includes at least four subjects each of which, if taught
26 each school day for the minimum number of days required in a school year,
27 would meet a minimum of one hundred twenty-two hours a year, or the
28 equivalent, or one or more subjects taught in amounts of time totaling at
29 least twenty hours per week prorated for any week with fewer than five school
30 days.

31 (iv) For fiscal year 2003-2004, an instructional program that meets at
32 least a total of seven hundred twelve hours during the minimum number of days
33 required and includes at least four subjects each of which, if taught each
34 school day for the minimum number of days required in a school year, would
35 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
36 or one or more subjects taught in amounts of time totaling at least twenty
37 hours per week prorated for any week with fewer than five school days.

38 (v) For fiscal year 2004-2005, an instructional program that meets at
39 least a total of seven hundred sixteen hours during the minimum number of
40 days required and includes at least four subjects each of which, if taught
41 each school day for the minimum number of days required in a school year,
42 would meet a minimum of one hundred twenty-three hours a year, or the
43 equivalent, or one or more subjects taught in amounts of time totaling at
44 least twenty hours per week prorated for any week with fewer than five school
45 days.

(vi) For fiscal year 2005-2006 and each fiscal year thereafter, an instructional program that meets at least a total of seven hundred twenty hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

3. "Budget year" means the fiscal year for which the school district is budgeting and which immediately follows the current year.

4. "Common school district" means a political subdivision of this state offering instruction to students in programs for preschool children with disabilities and kindergarten programs and grades one through eight.

5. "Current year" means the fiscal year in which a school district is operating.

6. "Daily attendance" means:

(a) For common schools, days in which a pupil:

(i) Of a kindergarten program or ungraded, but not group B children with disabilities, and at least five, but under six, years of age by September 1 attends at least three-quarters of the instructional time scheduled for the day. If the total instruction time scheduled for the year is at least three hundred forty-six hours but is less than six hundred ninety-two hours such attendance shall be counted as one-half day of attendance. If the instructional time scheduled for the year is at least six hundred ninety-two hours, "daily attendance" means days in which a pupil attends at least one-half of the instructional time scheduled for the day. Such attendance shall be counted as one-half day of attendance.

(ii) Of the first, second or third grades, ungraded and at least six, but under nine, years of age by September 1 or ungraded group B children with disabilities and at least five, but under six, years of age by September 1 attends more than three-quarters of the instructional time scheduled for the day.

(iii) Of the fourth, fifth or sixth grades or ungraded and at least nine, but under twelve, years of age by September 1 attends more than three-quarters of the instructional time scheduled for the day, except as provided in section 15-797.

(iv) Of the seventh or eighth grades or ungraded and at least twelve, but under fourteen, years of age by September 1 attends more than three-quarters of the instructional time scheduled for the day, except as provided in section 15-797.

(b) For common schools, the attendance of a pupil at three-quarters or less of the instructional time scheduled for the day shall be counted as follows, except as provided in section 15-797 and except that attendance for a fractional student shall not exceed the pupil's fractional membership:

1 (i) If attendance for all pupils in the school is based on quarter
2 days, the attendance of a pupil shall be counted as one-fourth of a day's
3 attendance for each one-fourth of full-time instructional time attended.

4 (ii) If attendance for all pupils in the school is based on half days,
5 the attendance of at least three-quarters of the instructional time scheduled
6 for the day shall be counted as a full day's attendance and attendance at a
7 minimum of one-half but less than three-quarters of the instructional time
8 scheduled for the day equals one-half day of attendance.

9 (c) For common schools, the attendance of a preschool child with
10 disabilities shall be counted as one-fourth day's attendance for each
11 thirty-six minutes of attendance not including lunch periods and recess
12 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
13 subsection for children with disabilities up to a maximum of three hundred
14 sixty minutes each week.

15 (d) For high schools or ungraded schools in which the pupil is at
16 least fourteen years of age by September 1, the attendance of a pupil shall
17 not be counted as a full day unless the pupil is actually and physically in
18 attendance and enrolled in and carrying four subjects, each of which, if
19 taught each school day for the minimum number of days required in a school
20 year, would meet a minimum of one hundred twenty hours a year, or the
21 equivalent, that count toward graduation in a recognized high school except
22 as provided in section 15-797 and subdivision (e) of this paragraph.
23 Attendance of a pupil carrying less than the load prescribed shall be
24 prorated.

25 (e) For high schools or ungraded schools in which the pupil is at
26 least fourteen years of age by September 1, the attendance of a pupil may be
27 counted as one-fourth of a day's attendance for each sixty minutes of
28 instructional time in a subject that counts toward graduation, except that
29 attendance for a pupil shall not exceed the pupil's full or fractional
30 membership.

31 (f) For homebound or hospitalized, a full day of attendance may be
32 counted for each day during a week in which the student receives at least
33 four hours of instruction.

34 (g) For school districts which maintain school for an approved
35 year-round school year operation, attendance shall be based on a computation,
36 as prescribed by the superintendent of public instruction, of the one hundred
37 eighty days' equivalency or two hundred days' equivalency, as applicable, of
38 instructional time as approved by the superintendent of public instruction
39 during which each pupil is enrolled.

40 7. "Daily route mileage" means the sum of:

41 (a) The total number of miles driven daily by all buses of a school
42 district while transporting eligible students from their residence to the
43 school of attendance and from the school of attendance to their residence on
44 scheduled routes approved by the superintendent of public instruction.

(b) The total number of miles driven daily on routes approved by the superintendent of public instruction for which a private party, a political subdivision or a common or a contract carrier is reimbursed for bringing an eligible student from the place of his residence to a school transportation pickup point or to the school of attendance and from the school transportation scheduled return point or from the school of attendance to his residence. Daily route mileage includes the total number of miles necessary to drive to transport eligible students from and to their residence as provided in this paragraph.

8. "District support level" means the base support level plus the transportation support level.

9. "Eligible students" means:

(a) Students who are transported by or for a school district and who qualify as full-time students or fractional students, except students for whom transportation is paid by another school district or a county school superintendent, and:

(i) For common school students, whose place of actual residence within the school district is more than one mile from the school facility of attendance or students who are admitted pursuant to section 15-816.01 and who meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free or reduced price lunches and whose actual place of residence outside the school district boundaries is more than one mile from the school facility of attendance.

(ii) For high school students, whose place of actual residence within the school district is more than one and one-half miles from the school facility of attendance or students who are admitted pursuant to section 15-816.01 and who meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free or reduced price lunches and whose actual place of residence outside the school district boundaries is more than one and one-half miles from the school facility of attendance.

(b) Kindergarten students, for purposes of computing the number of eligible students under subdivision (a), item (i) of this paragraph, shall be counted as full-time students, notwithstanding any other provision of law.

(c) Children with disabilities, as defined by section 15-761, who are transported by or for the school district or who are admitted pursuant to chapter 8, article 1.1 of this title and who qualify as full-time students or fractional students regardless of location or residence within the school district or children with disabilities whose transportation is required by the pupil's individualized education program.

(d) Students whose residence is outside the school district and who are transported within the school district on the same basis as students who reside in the school district.

1 10. "Enrolled" or "enrollment" means when a pupil is currently
2 registered in the school district.

3 11. "GDP price deflator" means the average of the four implicit price
4 deflators for the gross domestic product reported by the United States
5 department of commerce for the four quarters of the calendar year.

6 12. "High school district" means a political subdivision of this state
7 offering instruction to students for grades nine through twelve or that
8 portion of the budget of a common school district which is allocated to
9 teaching high school subjects with permission of the state board of
10 education.

11 13. "Revenue control limit" means the base revenue control limit plus
12 the transportation revenue control limit.

13 14. "Student count" means average daily membership as prescribed in
14 this subsection for the fiscal year prior to the current year, except that
15 for the purpose of budget preparation student count means average daily
16 membership as prescribed in this subsection for the current year.

17 15. "Submit electronically" means submitted in a format and in a manner
18 prescribed by the department of education.

19 16. "Total bus mileage" means the total number of miles driven by all
20 buses of a school district during the school year.

21 17. "Total students transported" means all eligible students
22 transported from their place of residence to a school transportation pickup
23 point or to the school of attendance and from the school of attendance or
24 from the school transportation scheduled return point to their place of
25 residence.

26 18. "Unified school district" means a political subdivision of the
27 state offering instruction to students in programs for preschool children
28 with disabilities and kindergarten programs and grades one through twelve.

29 B. In this title, unless the context otherwise requires:

30 1. "Base" means the revenue level per student count specified by the
31 legislature.

32 2. "Base level" means:

33 (a) For fiscal year 2007-2008, three thousand two hundred twenty-six
34 dollars eighty-eight cents.

35 (b) For fiscal year 2008-2009, three thousand two hundred ninety-one
36 dollars forty-two cents.

37 (c) For fiscal year YEARS 2009-2010 AND 2010-2011, three thousand two
38 hundred sixty-seven dollars seventy-two cents.

39 3. "Base revenue control limit" means the base revenue control limit
40 computed as provided in section 15-944.

41 4. "Base support level" means the base support level as provided in
42 section 15-943.

43 5. "Certified teacher" means a person who is certified as a teacher
44 pursuant to the rules adopted by the state board of education, who renders
45 direct and personal services to school children in the form of instruction

1 related to the school district's educational course of study and who is paid
2 from the maintenance and operation section of the budget.

3 6. "DD" means programs for children with developmental delays who are
4 at least three years of age but under ten years of age. A preschool child
5 who is categorized under this paragraph is not eligible to receive funding
6 pursuant to section 15-943, paragraph 2, subdivision (b).

7 7. "ED, MIMR, SLD, SLI and OHI" means programs for children with
8 emotional disabilities, mild mental retardation, a specific learning
9 disability, a speech/language impairment and other health impairments. A
10 preschool child who is categorized as SLI under this paragraph is not
11 eligible to receive funding pursuant to section 15-943, paragraph 2,
12 subdivision (b).

13 8. "ED-P" means programs for children with emotional disabilities who
14 are enrolled in private special education programs as prescribed in section
15 15-765, subsection D, paragraph 1 or in an intensive school district program
16 as provided in section 15-765, subsection D, paragraph 2.

17 9. "ELL" means English learners who do not speak English or whose
18 native language is not English, who are not currently able to perform
19 ordinary classroom work in English and who are enrolled in an English
20 language education program pursuant to sections 15-751, 15-752 and 15-753.

21 10. "Full-time equivalent certified teacher" or "FTE certified teacher"
22 means for a certified teacher the following:

23 (a) If employed full time as defined in section 15-501, 1.00.

24 (b) If employed less than full time, multiply 1.00 by the percentage
25 of a full school day, or its equivalent, or a full class load, or its
26 equivalent, for which the teacher is employed as determined by the governing
27 board.

28 11. "Group A" means educational programs for career exploration, a
29 specific learning disability, an emotional disability, mild mental
30 retardation, remedial education, a speech/language impairment, developmental
31 delay, homebound, bilingual, other health impairments and gifted pupils.

32 12. "Group B" means educational improvements for pupils in kindergarten
33 programs and grades one through three, educational programs for autism, a
34 hearing impairment, moderate mental retardation, multiple disabilities,
35 multiple disabilities with severe sensory impairment, orthopedic impairments,
36 preschool severe delay, severe mental retardation and emotional disabilities
37 for school age pupils enrolled in private special education programs or in
38 school district programs for children with severe disabilities or visual
39 impairment and English learners enrolled in a program to promote English
40 language proficiency pursuant to section 15-752.

41 13. "HI" means programs for pupils with hearing impairment.

42 14. "Homebound" or "hospitalized" means a pupil who is capable of
43 profiting from academic instruction but is unable to attend school due to
44 illness, disease, accident or other health conditions, who has been examined
45 by a competent medical doctor and who is certified by that doctor as being

1 unable to attend regular classes for a period of not less than three school
2 months or a pupil who is capable of profiting from academic instruction but
3 is unable to attend school regularly due to chronic or acute health problems,
4 who has been examined by a competent medical doctor and who is certified by
5 that doctor as being unable to attend regular classes for intermittent
6 periods of time totaling three school months during a school year. The
7 medical certification shall state the general medical condition, such as
8 illness, disease or chronic health condition, that is the reason that the
9 pupil is unable to attend school. Homebound or hospitalized includes a
10 student who is unable to attend school for a period of less than three months
11 due to a pregnancy if a competent medical doctor, after an examination,
12 certifies that the student is unable to attend regular classes due to risk to
13 the pregnancy or to the student's health.

14 ~~15. "K" means kindergarten programs.~~

15 ~~16.~~ 15. "K-3" means kindergarten programs and grades one through
16 three.

17 ~~17.~~ 16. "MD-R, A-R and SMR-R" means resource programs for pupils with
18 multiple disabilities, autism and severe mental retardation.

19 ~~18.~~ 17. "MD-SC, A-SC and SMR-SC" means self-contained programs for
20 pupils with multiple disabilities, autism and severe mental retardation.

21 ~~19.~~ 18. "MDSSI" means a program for pupils with multiple disabilities
22 with severe sensory impairment.

23 ~~20.~~ 19. "MOMR" means programs for pupils with moderate mental
24 retardation.

25 ~~21.~~ 20. "OI-R" means a resource program for pupils with orthopedic
26 impairments.

27 ~~22.~~ 21. "OI-SC" means a self-contained program for pupils with
28 orthopedic impairments.

29 ~~23.~~ 22. "PSD" means preschool programs for children with disabilities
30 as provided in section 15-771.

31 ~~24.~~ 23. "P-SD" means programs for children who meet the definition of
32 preschool severe delay as provided in section 15-771.

33 ~~25.~~ 24. "Qualifying tax rate" means the qualifying tax rate specified
34 in section 15-971 applied to the assessed valuation used for primary property
35 taxes.

36 ~~26.~~ 25. "Small isolated school district" means a school district which
37 meets all of the following:

38 (a) Has a student count of fewer than six hundred in kindergarten
39 programs and grades one through eight or grades nine through twelve.

40 (b) Contains no school which is fewer than thirty miles by the most
41 reasonable route from another school, or, if road conditions and terrain make
42 the driving slow or hazardous, fifteen miles from another school which
43 teaches one or more of the same grades and is operated by another school
44 district in this state.

(c) Is designated as a small isolated school district by the superintendent of public instruction.

~~27-~~ 26. "Small school district" means a school district which meets all of the following:

(a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.

(b) Contains at least one school which is fewer than thirty miles by the most reasonable route from another school which teaches one or more of the same grades and is operated by another school district in this state.

(c) Is designated as a small school district by the superintendent of public instruction.

~~28-~~ 27. "Transportation revenue control limit" means the transportation revenue control limit computed as prescribed in section 15-946.

~~29-~~ 28. "Transportation support level" means the support level for pupil transportation operating expenses as provided in section 15-945.

~~30-~~ 29. "VI" means programs for pupils with visual impairments.

~~31-~~ 30. "Voc. Ed." means career and technical education and vocational education programs, as defined in section 15-781.

Sec. 3. Section 15-943, Arizona Revised Statutes, is amended to read:

15-943. Base support level

The base support level for each school district shall be computed as follows:

1. The following support level weights shall be used in paragraph 2, subdivision (a) of this section for the following school districts:

(a) For school districts whose student count in kindergarten programs and grades one through eight is classified in column 1 of this subdivision, the support level weight for kindergarten programs and grades one through eight is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight For Small Isolated School Districts	Support Level Weight For Small School Districts
<u>Student Count</u>		
1-99	1.559	1.399
100-499	$1.358 + [0.0005 \times (500 - \text{student count})]$	$1.278 + [0.0003 \times (500 - \text{student count})]$
500-599	$1.158 + [0.002 \times (600 - \text{student count})]$	$1.158 + [0.0012 \times (600 - \text{student count})]$

(b) For school districts whose student count in grades nine through twelve is classified in column 1 of this subdivision, the support level weight for grades nine through twelve is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight	Support Level Weight
	For Small Isolated	For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.669	1.559
100-499	$1.468 + [0.0005 \times (500 - \text{student count})]$	$1.398 + [0.0004 \times (500 - \text{student count})]$
500-599	$1.268 + [0.002 \times (600 - \text{student count})]$	$1.268 + [0.0013 \times (600 - \text{student count})]$

2. Subject to paragraph 1 of this section, determine the weighted student count as follows:

(a)								
<u>Grade Base</u>		<u>Group A</u>		<u>Support Level Weight</u>	<u>Student Count</u>		<u>Weighted Student Count</u>	
PSD 1.000	+	0.450	=	1.450	x	=		
K-8 1.000	+	0.158	=	1.158	x	=		
9-12 1.163	+	0.105	=	1.268	x	=		
						Subtotal	A	
(b)								
<u>Funding Category</u>				<u>Support Level Weight</u>	<u>Student Count</u>		<u>Weighted Student Count</u>	
HI				4.771	x	=		
K, for fiscal year				0.835	x	=		
2006-2007								
K, for fiscal year								
2007-2008 and each								
fiscal year thereafter				1.352	x	=		
K-3				0.060	x	=		
ELL				0.115	x	=		
MD-R, A-R and								
SMR-R				6.024	x	=		
MD-SC, A-SC and								
SMR-SC				5.833	x	=		
MD-SSI				7.947	x	=		
OI-R				3.158	x	=		
OI-SC				6.773	x	=		
P-SD				3.595	x	=		
DD, ED, MIMR, SLD,								
SLI and OHI				0.003	x	=		
ED-P				4.822	x	=		
MOMR				4.421	x	=		
VI				4.806	x	=		
						Subtotal	B	

1 (c) Total of subtotals A and B:
2 3. Multiply the total determined in paragraph 2 of this section by the
3 base level.
4 4. Multiply the teacher experience index of the district or 1.00,
5 whichever is greater, by the product obtained in paragraph 3 of this section.
6 5. Add the amount determined in section 15-910.04.
7 Sec. 4. Section 15-945, Arizona Revised Statutes, is amended to read:
8 15-945. Transportation support level
9 A. The support level for to and from school for each school district
10 for the current year shall be computed as follows:
11 1. Determine the approved daily route mileage of the school district
12 for the fiscal year prior to the current year.
13 2. Multiply the figure obtained in paragraph 1 of this subsection by
14 one hundred eighty.
15 3. Determine the number of eligible students transported in the fiscal
16 year prior to the current year.
17 4. Divide the amount determined in paragraph 1 of this subsection by
18 the amount determined in paragraph 3 of this subsection to determine the
19 approved daily route mileage per eligible student transported.
20 5. Determine the classification in column 1 of this paragraph for the
21 quotient determined in paragraph 4 of this subsection. Multiply the product
22 obtained in paragraph 2 of this subsection by the corresponding state support
23 level for each route mile as provided in column 2 of this paragraph.
24

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route	State Support Level per
Mileage per Eligible	Route Mile for
<u>Student Transported</u>	<u>Fiscal Year 2009-2010 2010-2011</u>
0.5 or less	\$2.32 \$2.35
More than 0.5 through 1.0	\$1.89 \$1.91
More than 1.0	\$2.32 \$2.35

31 6. Add the amount spent during the prior fiscal year for bus tokens
32 and bus passes for students who qualify as eligible students as defined in
33 section 15-901.
34 B. The support level for academic education, career and technical
35 education, vocational education and athletic trips for each school district
36 for the current year is computed as follows:
37 1. Determine the classification in column 1 of paragraph 2 of this
38 subsection for the quotient determined in subsection A, paragraph 4 of this
39 section.
40 2. Multiply the product obtained in subsection A, paragraph 5 of this
41 section by the corresponding state support level for academic education,
42 career and technical education, vocational education and athletic trips as
43 provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for
44 the type of district.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route	District Type	District Type	District Type
Mileage per Eligible			
<u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

For the purposes of this paragraph, "district type 02" means a unified school district or an accommodation school that offers instruction in grades nine through twelve, "district type 03" means a common school district not within a high school district, "district type 04" means a common school district within a high school district or an accommodation school that does not offer instruction in grades nine through twelve and "district type 05" means a high school district.

C. The support level for extended school year services for pupils with disabilities is computed as follows:

1. Determine the sum of the following:

(a) The total number of miles driven by all buses of a school district while transporting eligible pupils with disabilities on scheduled routes from their residence to the school of attendance and from the school of attendance to their residence on routes for extended school year services in accordance with section 15-881.

(b) The total number of miles driven on routes approved by the superintendent of public instruction for which a private party, a political subdivision or a common or a contract carrier is reimbursed for bringing an eligible pupil with a disability from the place of the pupil's residence to a school transportation pickup point or to the school facility of attendance and from the school transportation scheduled return point or from the school facility to the pupil's residence for extended school year services in accordance with section 15-881.

2. Multiply the sum determined in paragraph 1 of this subsection by the state support level for the district determined as provided in subsection A, paragraph 5 of this section.

D. The transportation support level for each school district for the current year is the sum of the support level for to and from school as determined in subsection A of this section, the support level for academic education, career and technical education, vocational education and athletic trips as determined in subsection B of this section and the support level for extended school year services for pupils with disabilities as determined in subsection C of this section.

E. The state support level for each approved route mile, as provided in subsection A, paragraph 5 of this section, shall be adjusted by the growth rate prescribed by law, subject to appropriation.

1 Sec. 5. Section 15-972, Arizona Revised Statutes, is amended to read:
2 15-972. State limitation on homeowner property taxes;
3 additional state aid to school districts; definitions

4 A. Notwithstanding section 15-971, there shall be additional state aid
5 for education computed for school districts as provided in subsection B of
6 this section.

7 B. The clerk of the board of supervisors shall compute such additional
8 state aid for education as follows:

9 1. For a high school district or for a common school district within a
10 high school district which does not offer instruction in high school subjects
11 as provided in section 15-447:

12 (a) Determine the QUALIFYING tax rate ~~for primary property taxes~~
13 PURSUANT TO SECTION 41-1276 for the school district ~~which would be levied in~~
14 ~~lieu of the provisions of this section.~~

15 (b) Determine the following percentage of the QUALIFYING tax rate
16 determined in subdivision (a) of this paragraph:

17 (i) Thirty-five per cent through December 31, 2005.

18 (ii) Thirty-six per cent beginning from and after December 31, 2005
19 through December 31, 2006.

20 (iii) Thirty-seven per cent beginning from and after December 31, 2006
21 through December 31, 2007.

22 (iv) Thirty-eight per cent beginning from and after December 31, 2007
23 through December 31, 2008.

24 (v) Thirty-nine per cent beginning from and after December 31, 2008
25 through December 31, 2009.

26 (vi) Forty per cent beginning from and after December 31, 2009.

27 (c) Select the lesser of the amount determined in subdivision (b) of
28 this paragraph or FORTY PER CENT OF the ~~current qualifying~~ PRIMARY PROPERTY
29 tax rate THAT WOULD BE LEVIED IN LIEU OF THE PROVISIONS OF THIS SECTION for
30 the district.

31 (d) Multiply the rate selected in subdivision (c) of this paragraph as
32 a rate per one hundred dollars assessed valuation by the assessed valuation
33 used for primary property taxes of the residential property in the school
34 district.

35 2. For a unified school district, for a common school district not
36 within a high school district or for a common school district which offers
37 instruction in high school subjects as provided in section 15-447:

38 (a) Determine the QUALIFYING tax rate ~~for primary property taxes~~
39 PURSUANT TO SECTION 41-1276 for the school district ~~which would be levied in~~
40 ~~lieu of the provisions of this section.~~

41 (b) Determine the following percentage of the tax rate determined in
42 subdivision (a) of this paragraph:

43 (i) Thirty-five per cent through December 31, 2005.

44 (ii) Thirty-six per cent beginning from and after December 31, 2005
45 through December 31, 2006.

1 (iii) Thirty-seven per cent beginning from and after December 31, 2006
2 through December 31, 2007.

3 (iv) Thirty-eight per cent beginning from and after December 31, 2007
4 through December 31, 2008.

5 (v) Thirty-nine per cent beginning from and after December 31, 2008
6 through December 31, 2009.

7 (vi) Forty per cent beginning from and after December 31, 2009.

8 (c) Select the lesser of the amount determined in subdivision (b) of
9 this paragraph or FORTY PER CENT OF the ~~current-qualifying~~ PRIMARY PROPERTY
10 tax rate THAT WOULD BE LEVIED IN LIEU OF THE PROVISIONS OF THIS SECTION for
11 the district.

12 (d) Multiply the rate selected in subdivision (c) of this paragraph as
13 a rate per one hundred dollars assessed valuation by the assessed valuation
14 used for primary property taxes of the residential property in the district.

15 C. The clerk of the board of supervisors shall report to the
16 department of revenue not later than the Friday following the third Monday in
17 August of each year the amount by school district of additional state aid for
18 education and the data used for computing the amount as provided in
19 subsection B of this section. The department of revenue shall verify all of
20 the amounts and report to the county board of supervisors not later than
21 August 30 of each year the property tax rate or rates which shall be used for
22 property tax reduction as provided in subsection E of this section.

23 D. The board of supervisors shall reduce the property tax rate or
24 rates that would be levied in lieu of the provisions of this section by the
25 school district or districts on the assessed valuation used for primary
26 property taxes of the residential property in the school district or
27 districts by the rate or rates selected in subsection B, paragraph 1,
28 subdivision (c) and paragraph 2, subdivision (c) of this section. The excess
29 of the reduction in property taxes for a parcel of property resulting from
30 the reduction in the property tax rate pursuant to this subsection over the
31 amounts listed in this subsection shall be deducted from the amount of
32 additional state aid for education. The reduction in property taxes on a
33 parcel of property resulting from the reduction in the property tax rate
34 pursuant to this subsection shall not exceed the following amounts except as
35 provided in subsection I of this section:

36 1. Five hundred dollars through December 31, 2005.

37 2. Five hundred twenty dollars beginning from and after December 31,
38 2005 through December 31, 2006.

39 3. Five hundred forty dollars beginning from and after December 31,
40 2006 through December 31, 2007.

41 4. Five hundred sixty dollars beginning from and after December 31,
42 2007 through December 31, 2008.

43 5. Five hundred eighty dollars beginning from and after December 31,
44 2008 through December 31, 2009.

45 6. Six hundred dollars beginning from and after December 31, 2009.

1 E. Prior to the levying of taxes for school purposes the board of
2 supervisors shall determine whether the total primary property taxes to be
3 levied for all taxing jurisdictions on each parcel of residential property,
4 in lieu of the provisions of this subsection, violate article IX, section 18,
5 Constitution of Arizona. For those properties that qualify for property tax
6 exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of
7 Arizona, eligibility for the credit is determined on the basis of the limited
8 property value that corresponds to the taxable assessed value after reduction
9 for the applicable exemption. If the board of supervisors determines that
10 such a situation exists, the board shall apply a credit against the primary
11 property taxes due from each such parcel in the amount in excess of article
12 IX, section 18, Constitution of Arizona. Such excess amounts shall also be
13 additional state aid for education for the school district or districts in
14 which such parcel of property is located.

15 F. The clerk of the board of supervisors shall report to the
16 department of revenue not later than September 5 of each year the amount by
17 school district of additional state aid for education and the data used for
18 computing the amount as provided in subsection B of this section. The
19 department of revenue shall verify all of the amounts and report to the board
20 of supervisors not later than September 10 of each year the property tax rate
21 which shall be used for property tax reduction as provided in subsection E of
22 this section.

23 G. The clerk of the board of supervisors shall report to the
24 department of revenue not later than September 30 of each year in writing the
25 following:

26 1. The data processing specifications used in the calculations
27 provided for in subsections B and E of this section.

28 2. At a minimum, copies of two actual tax bills for residential
29 property for each distinct tax area.

30 H. The department of revenue shall report to the state board of
31 education not later than October 12 of each year the amount by school
32 district of additional state aid for education as provided in this section.
33 The additional state aid for education provided in this section shall be
34 apportioned as provided in section 15-973.

35 I. If a parcel of property is owned by a cooperative apartment
36 corporation or is owned by the tenants of a cooperative apartment corporation
37 as tenants in common, the reduction in the property taxes prescribed in
38 subsection D of this section shall not exceed the amounts listed in
39 subsection D of this section for each owner occupied housing unit on the
40 property. The assessed value used for determining the reduction in taxes for
41 the property is equal to the total assessed value of the property times the
42 ratio of the number of owner occupied housing units to the total number of
43 housing units on the property. For the purposes of this subsection,
44 "cooperative apartment corporation" means a corporation:

1 1. Having only one class of outstanding stock.

2 2. All of the stockholders of which are entitled, solely by reason of
3 their ownership of stock in the corporation, to occupy for dwelling purposes
4 apartments in a building owned or leased by such corporation and who are not
5 entitled, either conditionally or unconditionally, except upon a complete or
6 partial liquidation of the corporation, to receive any distribution not out
7 of earnings and profits of the corporation.

8 3. Eighty per cent or more of the gross income of which is derived
9 from tenant-stockholders. For the purposes of this paragraph, "gross income"
10 means gross income as defined by the United States internal revenue code, as
11 defined in section 43-105.

12 J. The total amount of state monies that may be spent in any fiscal
13 year for state aid for education in this section shall not exceed the amount
14 appropriated or authorized by section 35-173 for that purpose. This section
15 shall not be construed to impose a duty on an officer, agent or employee of
16 this state to discharge a responsibility or to create any right in a person
17 or group if the discharge or right would require an expenditure of state
18 monies in excess of the expenditure authorized by legislative appropriation
19 for that specific purpose.

20 K. For the purposes of this section:

21 1. "Owner" includes any purchaser under a contract of sale or under a
22 deed of trust.

23 2. "Residential property" includes all owner occupied real property
24 and improvements to the property and all owner occupied mobile homes that are
25 used for residential purposes.

26 Sec. 6. Laws 2009, third special session, chapter 12, section 75 is
27 amended to read:

28 Sec. 75. School facilities board lease-to-own

29 Notwithstanding section 15-2004, subsection M, Arizona Revised
30 Statutes, section 15-2005, subsection M, Arizona Revised Statutes, and
31 section 15-2006, Arizona Revised Statutes, the school facilities board shall
32 enter into lease-to-own transactions for up to a maximum of \$100,000,000 by
33 ~~December 31, 2010~~ JUNE 30, 2011. The lease-to-own transactions shall be
34 qualified school construction bonds as authorized under the American
35 ~~reinvestment and recovery~~ AND REINVESTMENT act of 2009, ~~and~~ OR BUILD AMERICA
36 BONDS AS AUTHORIZED BY THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 OR
37 IN SUBSEQUENT FEDERAL LAW. THESE TRANSACTIONS shall only be used for new
38 construction projects. Priority for the bond proceeds shall first be given
39 to school districts whose ACTUAL FISCAL YEAR 2009-2010 AVERAGE DAILY
40 MEMBERSHIP OR projected fiscal year 2009-2010 2010-2011 average daily
41 membership exceeds their districtwide capacity for new school construction.

42 Sec. 7. Additional assistance funding for charter schools;
43 reduction for fiscal year 2010-2011

44 In addition to any other reductions made in fiscal year 2010-2011, for
45 fiscal year 2010-2011, the department of education shall reduce by the amount

1 identified in the general appropriations act the amount of additional
2 assistance funding that otherwise would be apportioned to charter schools
3 statewide for fiscal year 2010-2011 pursuant to section 15-185, subsection B,
4 paragraph 4, Arizona Revised Statutes, as amended by this act. The funding
5 reduction required under this section shall be made on a proportional basis
6 based on the additional assistance funding that each charter school in the
7 state would have received for fiscal year 2010-2011 without the prescribed
8 reduction.

9 Sec. 8. Joint technological education district equalization
10 funding; pro rata reduction

11 A. Notwithstanding section 15-393, Arizona Revised Statutes, or any
12 other law, the department of education shall fund state aid for joint
13 technological education districts for fiscal year 2010-2011 at ninety-one per
14 cent of the amount that otherwise would be provided by law.

15 B. Notwithstanding subsection A of this section, a joint technological
16 education district shall not receive less equalization formula funding for
17 fiscal year 2010-2011 than it received for fiscal year 2009-2010 except for
18 reductions due to changes in student counts, net assessed property values or
19 other technical factors or due to prior year adjustments or corrections. For
20 the purposes of this subsection, "equalization formula funding" means the sum
21 of a joint technological education district's base support level, as
22 prescribed in section 15-943.02, Arizona Revised Statutes, and its capital
23 outlay revenue limit and soft capital allocation, as prescribed in section
24 15-962.01, Arizona Revised Statutes.

25 Sec. 9. Soft capital reduction for school districts for fiscal
26 year 2010-2011

27 If proposition 100 is approved by the voters at the May 18, 2010
28 special election, the department of education shall implement the following:

29 1. For fiscal year 2010-2011, the department of education shall reduce
30 by \$165,120,700 the amount of basic state aid that otherwise would be
31 apportioned to school districts statewide for fiscal year 2010-2011 for the
32 soft capital allocation prescribed in section 15-962, Arizona Revised
33 Statutes, and shall reduce school district budget limits accordingly.

34 2. For fiscal year 2010-2011, the department of education shall reduce
35 the soft capital allocation for a school district that is not eligible to
36 receive basic state aid funding for fiscal year 2010-2011 by the amount that
37 its soft capital allocation would be reduced pursuant to paragraph 1 of this
38 section if the district was eligible to receive basic state aid funding for
39 fiscal year 2010-2011 and shall reduce the school district's budget limits
40 accordingly.

41 3. To the extent possible, the soft capital reductions required by
42 this section shall be taken against administrative costs, rather than
43 classroom instruction.

1 4. Notwithstanding paragraphs 1 and 2 of this section, the department
2 of education shall reduce by fifty per cent the soft capital reduction that
3 would otherwise be calculated pursuant to this section for kindergarten
4 programs and grades one through eight for a school district that has a
5 student count of fewer than six hundred in kindergarten programs and grades
6 one through eight.

7 5. Notwithstanding paragraphs 1 and 2 of this section, the department
8 of education shall reduce by fifty per cent the soft capital reduction that
9 would otherwise be calculated pursuant to this section for grades nine
10 through twelve for a school district that has a student count of fewer than
11 six hundred in grades nine through twelve.

12 Sec. 10. Soft capital allocation; suspension; contingency

13 If proposition 100 is not approved by the voters at the May 18, 2010
14 special election, notwithstanding section 15-962, Arizona Revised Statutes,
15 or any other law, the soft capital allocation specified in section 15-962,
16 Arizona Revised Statutes, is suspended for fiscal year 2010-2011.

17 Sec. 11. Career ladder programs; maximum base level increase
18 for fiscal year 2010-2011

19 A. Notwithstanding section 15-918.04, Arizona Revised Statutes, for
20 fiscal year 2010-2011 the maximum base level increase that is permitted for a
21 school district that participates in the career ladder program shall be five
22 per cent.

23 B. For fiscal year 2010-2011, the career ladder program is limited
24 only to teachers who participated in the program in the prior fiscal year.

25 Sec. 12. Early graduation scholarship program; funding
26 suspension; temporary moratorium on new program
27 participants

28 A. Notwithstanding section 15-105, subsection E, Arizona Revised
29 Statutes, the student count and per pupil funding of a school district or
30 charter school for fiscal year 2010-2011 shall not be adjusted to reflect
31 requirements under that subsection.

32 B. Notwithstanding section 15-105, subsection F, Arizona Revised
33 Statutes, for fiscal year 2010-2011 the department of education shall not
34 transmit any monies to the commission for postsecondary education for the
35 early graduation scholarship program.

36 C. Notwithstanding section 15-105, Arizona Revised Statutes, students
37 who were not admitted before July 1, 2009 to participate in the early
38 graduation scholarship program shall not be admitted to participate in the
39 early graduation scholarship program during fiscal year 2010-2011.

40 D. If sufficient monies are available in the early graduation
41 scholarship fund established by section 15-105, Arizona Revised Statutes,
42 students who were admitted before July 1, 2009 to participate in the early
43 graduation scholarship program shall continue to receive funding to
44 participate in the program in fiscal year 2010-2011.

1 Sec. 13. School district budgets; actual utility costs and
2 funding plan; fiscal year 2010-2011

3 A. Notwithstanding section 15-910.04, Arizona Revised Statutes, a
4 school district is not permitted to adjust its revenue control limit in
5 fiscal year 2010-2011 for actual utility costs.

6 B. Notwithstanding section 15-910.03, Arizona Revised Statutes, a
7 school district is not required to submit a funding plan pursuant to that
8 section in fiscal year 2010-2011.

9 Sec. 14. Soft capital expenditures for fiscal year 2010-2011

10 Notwithstanding section 15-962, Arizona Revised Statutes, for fiscal
11 year 2010-2011, a school district may use its soft capital allocation for any
12 operating or capital expenditures.

13 Sec. 15. Annual performance audit; AIMS intervention and
14 dropout prevention program; suspension in fiscal
15 year 2010-2011

16 Notwithstanding section 15-809, subsection C, Arizona Revised Statutes,
17 the department of education is not required to contract with a private entity
18 to conduct an annual performance audit of the AIMS intervention and dropout
19 prevention program for fiscal year 2010-2011.

20 Sec. 16. Full-day kindergarten instruction in fiscal year
21 2010-2011; tuition

22 Notwithstanding any other law, a school district or charter school may
23 charge tuition for full-day kindergarten in fiscal year 2010-2011 if the
24 school district or charter school decides not to provide free full-day
25 kindergarten instruction during fiscal year 2010-2011.

26 Sec. 17. School facilities board; new construction moratorium

27 A. Notwithstanding sections 15-2011 and 15-2041, Arizona Revised
28 Statutes, for fiscal year 2010-2011, the school facilities board shall not
29 authorize or award funding for the design or construction of any new school
30 facility and shall not authorize or award funding for school site
31 acquisitions.

32 B. During fiscal year 2010-2011, school districts shall submit capital
33 plans according to section 15-2041, subsection C, Arizona Revised Statutes.
34 The school facilities board may review and award new school facilities as
35 outlined in section 15-2041, Arizona Revised Statutes, subject to future
36 appropriations.

37 C. This section does not apply to lease-to-own transactions entered
38 into by the school facilities board pursuant to Laws 2009, third special
39 session, chapter 12, section 75, as amended by this act.

40 D. This section does not prevent the school facilities board from
41 distributing monies for construction projects that began construction before
42 fiscal year 2008-2009.

1 Sec. 18. Building renewal fund; suspension in fiscal year
2 2010-2011

3 Notwithstanding section 15-2031, Arizona Revised Statutes, the school
4 facilities board shall not distribute monies from the building renewal fund
5 in fiscal year 2010-2011.

6 Sec. 19. Capital outlay revenue limit; suspension; contingency

7 If proposition 100 is not approved by the voters at the May 18, 2010
8 special election, notwithstanding section 15-961, Arizona Revised Statutes,
9 or any other law, the capital outlay revenue limit specified in section
10 15-961, Arizona Revised Statutes, is suspended for fiscal year 2010-2011.

11 Sec. 20. School facilities board; refinancing or refunding
12 agreement

13 A. Notwithstanding section 15-2004, subsection M, Arizona Revised
14 Statutes, section 15-2005, subsection M, Arizona Revised Statutes, and
15 section 15-2006, Arizona Revised Statutes, the school facilities board shall
16 enter into a refinancing or refunding agreement that reduces the school
17 facilities board's fiscal year 2010-2011 lease-purchase payments by a total
18 of up to \$60,000,000. The refinancing or refunding agreement shall not
19 decrease the total amount of the school facilities board's lease-purchase
20 payments in any other fiscal year.

21 B. Before entering into a refinancing or refunding agreement pursuant
22 to subsection A of this section, the agreement's proposed terms shall be
23 submitted for review by the joint committee on capital review.

24 Sec. 21. Basic state aid and base support level for school
25 districts; reductions for fiscal year 2010-2011;
26 contingency

27 If proposition 100 is not approved by voters at the May 18, 2010
28 special election, notwithstanding section 15-943, Arizona Revised Statutes,
29 as amended by this act, or any other law, for fiscal year 2010-2011, the
30 department of education shall reduce by \$102,723,300 the amount of base
31 support level funding that otherwise would be apportioned to school districts
32 statewide for fiscal year 2010-2011 and shall reduce school district budget
33 limits accordingly. The funding reductions required under this section shall
34 be made on a proportional basis based on the base support level of each
35 school district for fiscal year 2010-2011, as prescribed in section 15-943,
36 Arizona Revised Statutes, as amended by this act, relative to the base
37 support level for school districts for the state as a whole for fiscal year
38 2010-2011.

39 Sec. 22. Effective date

40 Section 15-972, Arizona Revised Statutes, as amended by this act, is
41 effective from and after June 30, 2011.

APPROVED BY THE GOVERNOR MARCH 18, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 18, 2010.